



NEWS RELEASE

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FOR IMMEDIATE RELEASE

FORMER GLADSTONE TAX PREPARER SENTENCED FOR \$1.3 MILLION TAX CONSPIRACY

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a former Gladstone, Mo., tax preparer was sentenced in federal court today for his role in a tax conspiracy in which his clients purchased phony tax shelters. Under this tax fraud scheme, Graves said, clients were set up with sham Internet businesses and filed fraudulent tax returns, claiming more than \$1 million in tax credits and refunds to which they were not entitled.

Donald E. Hicks, 72, of Gladstone, was sentenced by U.S. District Judge Fernando J. Gaitan this morning to five years of probation. The court deferred restitution to the Internal Revenue Service for calculation and civil collection. **Hicks** was an insurance agent and tax-return preparer doing business as Hicks Tax & Financial Services at 6301 N. Oak Trfwy. in Gladstone.

On April 22, 2005, **Hicks** pleaded guilty to the charge contained in an Oct. 6, 2004, federal indictment. **Hicks** admitted that, from Nov. 8, 2000, to July 31, 2002, he prepared 372 false tax returns fraudulently claiming entitlement to the disabled access credit. The tax loss and harm associated with those fraudulent returns, Graves said, totaled \$1,291,860.

Hicks promoted and sold an Internet-based business, a Web site shopping mall known as ShopN2000, in conjunction with Oryan Management and Financial Services in Upland, Calif. The Web site was purportedly modified to allow the blind to have access and shop online, which **Hicks** and other conspirators told their customers made them eligible to claim the Disabled Access Credit and a business deduction. In reality, Graves explained, the business was merely an illegal tax shelter whose sole purpose was to allow taxpayers to receive a reduction of federal income taxes by claiming business expenses, business losses, and the Disabled Access Credit, none of which they were entitled to receive.

ShopN2000 was and is a tax fraud scheme because the tax deductions and credits claimed

are based on false and fraudulent representations and statements, Graves said.

Hicks and other members of the conspiracy collected \$2,000 from each taxpayer and had them sign a sham promissory note for \$8,475. They then prepared a federal tax return for the taxpayer that falsely and fraudulently claimed a \$5,000 Disabled Access Credit and business expenses and losses of \$5,475.

Hicks admitted to each of the remaining 33 counts of the federal indictment, which charge separate instances in which **Hicks** furthered the conspiracy by assisting in the preparation and filing of fraudulent tax returns.

This case was prosecuted by Senior Litigation Counsel Gene Porter. It was investigated by the Internal Revenue Service - Criminal Investigation Division.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at
www.usdoj.gov/usao/mow